



# MEMORANDUM

To: Members of the Senate Committee on Michigan Competitiveness



From: Michigan Association of School Boards  
Michigan Education Association  
Middle Cities Education Association  
Michigan Association of School Administrators  
Michigan Association of Intermediate School Administrators  
AFT Michigan  
Michigan Elementary and Middle School Principals Association  
Michigan Association of Secondary School Principals



RE: Opposition to Senate Bills 616-618

Date: December 2, 2015



We write today in opposition to Senate Bills 616-618 which would exempt data centers from sales, use and property taxes. While we understand these bills are being pushed to help bring new business to Michigan, they have an adverse effect on the School Aid Fund and local property tax revenues.



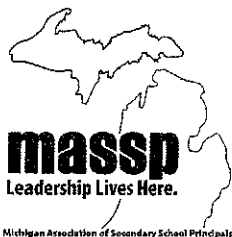
We urge you to oppose these bills until our local schools are held harmless by the cuts proposed. The Senate Fiscal Agency estimates that SB616-617 could cost more than \$11 million in revenue and SB618 could cost at least \$27 million in local property tax revenue. This amount is based on existing data centers, not new businesses. As you know, 73% sales tax revenue and 2% of use tax revenue is dedicated to the School Aid Fund.



Also, our concerns lie in the bigger picture. While these particular bills may only cause a small decrease in revenues, when added to the many other policies passed in recent years, revenue streams to the School Aid Fund and local schools continue to be eroded.



This session, committees in the Senate have passed bills that cut at least \$82 million annually and nine bills for which the negative effect is indeterminate (see attached list).



We urge you to look very closely at this bill and similar ones and the collateral damage they have over time. Our schools will continue to see cuts if the School Aid Fund does not receive the revenue necessary to support our students and communities.

If you have any questions, please feel free to contact any of us in the education community listed.

Legislation passed by the **Senate Committees** since January 2015 that affect the School Aid Fund or local property tax revenue (does not include bills that had hearings but no votes, or bills passed by the House). All figures are based on a Senate or House Fiscal Agency analysis.

**Commerce:**

SB369-370 – exempt industrial processing from sales and use tax  
**Amount of loss unknown**

**Finance:**

SB6 – expand property tax exemption for disabled veterans to joint tenancy  
**Amount of loss unknown**

SB10-11 – accelerate the elimination of the sales and use taxes on the difference between the value of a trade-in and a new vehicle.  
**\$16.2 Million loss to SAF in first year**

SB24 – exempt inherited property from school operating mills for up to two years  
**Amount of loss unknown**

SB81 - eliminate the requirement to pay school operating mills on foreclosed properties  
**\$15-25 Million loss to SAF**

SB82-83 – eliminate sales and use taxes on prewritten software  
**\$51 Million loss to SAF**

SB171 – modify effective date of property tax exemption filings for elderly/disabled  
**Amount of loss unknown**

SB364-365 – remove sales and use tax from firearm safety device sales  
**Amount of loss unknown**

HB4173 – modify exemptions to the real estate transfer tax  
**Amount of loss unknown**

**Government Operations:**

SB414 (PA 180'15) – set parameters for reducing the state income tax rate  
**Amount of loss unknown**

**Natural Resources:**

SB217 (PA107'15) – modify definition of qualified forest to exempt from property tax  
**Amount of loss unknown**

**These few bills total a minimum loss to the SAF of \$82.2 million annually.**

**9 bills have an unknown negative fiscal impact.**